

Full Cost Decision Memorandum: Service Usage Planning (SA-05)

Issue:

How often are service bills reconciled, recalculated and redistributed?

Source / reference:

LaRC Full Cost Implementation Team (2003-2004)
LaRC Office of the Chief Financial Officer (OCFO)

Background:

The original funds distribution process will be based on the budget plan entering the year. However, actual costs to projects will be different than planned costs. In that regard, the Center needs to determine how often the funds distribution process will be revised to reflect actual usage. In the past, projects received bills from the service activities during the budget formulation process based on requirements submitted for such services. The service bills were recalculated at least once during the year (usually at mid-year) to reflect major project requirement changes.

Options:

1. Never update the bills
2. Update the bills monthly or quarterly
3. Update the bills on a periodic/established basis

Decision:

Option 3. Due to the complexity of the system, timing, and workload consideration, the approved approach consists of calculating full cost service bills before the start of the execution year and then recalculate bills mid-year. However, if significant overall service usage/consumption changes become evident due to programmatic or other Center priority changes, Center Management may deem it necessary to recalculate full cost bills as a special process. In order to perform the calculation of service bills consistent with the change in plans; workforce requirements, funding guidelines, milestones, deliverables, and facility needs, must be understood/negotiated with sponsoring and implementing organizations. Minor adjustments may be necessary at year-end for financial reconciliation.

Approved by LaRC CFO (Ken Winter) 10/17/03
